

# Yeo & Yeo, P.C.

## Presentation for Birmingham Public Schools

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# Birmingham Public Schools

Reconciled:

Fiscal year 2013

Fiscal year 2014

Reviewed:

Process to submit FID

Process to allocate benefits



# Birmingham Public Schools

- Reconciled FID to the Audit
  - **FID** = (Financial Information Database) Data submitted by school districts including information from districts' annual financial reports, balance sheets, revenues, district expenditures and school expenditures



# Birmingham Public Schools

- Reconciled FID to the Audit
  - **Audit** = Audited district financial statements (including both fund and district-wide information) performed in accordance with applicable standards independently. The Financial Audit is submitted to the Michigan Department of Education, Federal Audit Clearinghouse, Oakland County Intermediate School District & Department of Treasury
    - Unmodified Opinion issued in both 2013 & 2014 fiscal year



# Birmingham Public Schools

- FID includes the following funds under “General”
  - 11- General Fund
  - 12- General Fund- Vocational Education Activity (Restricted)
  - 13- General Fund- Special Education Activity (Restricted)
  - 14- Cash Flow Stabilization
  - 15- Federal Programs
  - 16- ARRA
  - 21- Athletics



# Birmingham Public Schools

- Audit includes the following funds under “General”
  - 11- General Fund
  - 12- General Fund-Vocational Education Activity (Restricted)
  - 13- General Fund- Special Education Activity (Restricted)
  - 16- ARRA
  - 21- Athletics
  - Note: The Athletic Fund (Fund 21) required to be included as general due to the implementation of Government Accounting Standards Board (GASB) 54, **Fund Balance Reporting and Governmental Fund Type Definitions**. Financial Audit does include a combining statement in Section 6 of the report, which gives an extra level of transparency



# Birmingham Public Schools

## General Fund Results-

### Assets\*/Liabilities\*/Fund Balance

Fiscal Year 2013	FID		Audit		Difference
<b>Assets</b>	\$ 47,821,379		\$ 47,821,378		\$ 1
<b>Liabilities</b>	\$ 28,384,959		\$ 28,384,958		\$ 1
<b>Fund Balance</b>	\$ 19,436,420		\$ 19,436,420		\$ -
					Rounding

\* May include deferred inflows/outflows of resources on both FID and Audit



# Birmingham Public Schools

## General Fund Results-

### Assets\*/Liabilities\*/Fund Balance

Fiscal Year 2014	FID		Audit		Difference
<b>Assets</b>	\$ 42,615,075		\$ 42,615,075		\$ -
<b>Liabilities</b>	\$ 23,396,629		\$ 23,396,629		\$ -
<b>Fund Balance</b>	\$ 19,218,446		\$ 19,218,446		\$ -
					Rounding

\* May include deferred inflows/outflows of resources on both FID and Audit





# Birmingham Public Schools

## General Fund- Assets/Liabilities/Fund Balance

- Assets, Liabilities, & Fund Balance per the FID are **equal to and reconcile to** the Audited Financial Statements.
- Note: When the FID is filed and the Audit is submitted with MDE (Michigan Department of Education), MDE reviews and compares both the FID and the Audit, if discrepancies are noted between both reports, the reports will not be accepted and the proper corrections will have to be made. **No such issues/discrepancies were noted by MDE of Birmingham Public Schools in 2013 or 2014 fiscal years.**
- \*Note: Throughout this presentation differences will be noted that are \$1 to \$10 – differences are due to rounding. The Audit is completed using rounded trial balance numbers, whole numbers (over 5,000 general ledger accounts, each rounded), while the FID is completed using cents.



# Birmingham Public Schools

## General Fund - Revenues & Other Sources

<b>Fiscal Year 2013 - Revenues</b>	<b>Audit*</b>
<b>"General Fund" per Audit Report (Fund 11, 12, 13, 16, &amp; 21)</b>	<b>\$108,460,965</b>
<b>Cash Flow Stabilization Fund (Fund 14)</b>	<b>\$ 24,599</b>
<b>Federal Programs Fund (Fund 15)</b>	<b><u>\$ 2,555,783</u></b>
<b>Total General Fund Revenue (to next slide)</b>	<b><u><u>\$111,041,347</u></u></b>
<b>*- information from audited trial balance</b>	



# Birmingham Public Schools

## General Fund - Revenues & Other Sources

Fiscal Year 2013	FID		Audit		Difference
Revenues	\$111,002,097		\$111,041,347		\$ (39,250)
Transfers & Other Sources	\$ 714,774		\$ 714,774		\$ -
Indirect Costs	\$ -		\$ (39,250)		\$ 39,250
<b>Total</b>	<b>\$111,716,871</b>		<b>\$111,716,871</b>		<b>\$ -</b>
					Rounding

- Indirect costs are charged on Federal Program Fund (Fund 15) to General Fund ( Fund 11) of \$39,250.

See next slide for breakdown on transfers.



# Birmingham Public Schools

## General Fund - Revenues & Other Sources

Transfer in to Athletic Fund (21) from General (11)	\$ 1,157,836
Transfer in to the General Fund (11) from Cash flow Stabilization Fund (14)	\$ 24,599
Transfer in to the General Fund (11) from Birmingham Conference Center (Fund 23)	\$ 255,098
Transfer in to the General Fund (11) from Autistic Center (Fund 22)	\$ 459,676
<b>Total Transfer per Audit</b>	<b>\$ 1,897,209</b>
<b>Net Athletic Fund (Fund 21) Transfer</b>	<b>\$ (1,157,836)</b>
<b>Net Cash Flow Stabilization Fund (Fund 14) Transfer</b>	<b>\$ (24,599)</b>
<b>Total per previous slide</b>	<b>\$ 714,774</b>



# Birmingham Public Schools

## General Fund - Revenues & Other Sources

<b>Fiscal Year 2014 - Revenues</b>	<b>Audit*</b>
"General Fund" per Audit Report (Fund 11, 12, 13, 16, & 21)	\$112,404,753
Cash Flow Stabilization Fund (Fund 14)	\$ 10,431
Federal Programs Fund (Fund 15)	<u>\$ 2,486,642</u>
<b>Total General Fund Revenue (to next slide)</b>	<u><b>\$114,901,826</b></u>
*- information from audited trial balance	



# Birmingham Public Schools

## General Fund - Revenues & Other Sources

<b>Fiscal Year 2014</b>	<b>FID</b>		<b>Audit</b>		<b>Difference</b>
<b>Revenues</b>	<b>\$114,862,588</b>		<b>\$114,901,826</b>		<b>\$ (39,238)</b>
<b>Transfers &amp; Other Sources</b>	<b>\$ 949,652</b>		<b>\$ 949,652</b>		<b>\$ -</b>
<b>Indirect Costs</b>	<b>\$ -</b>		<b>\$ (39,239)</b>		<b>\$ 39,239</b>
<b>Total</b>	<b>\$115,812,240</b>		<b>\$115,812,239</b>		<b>\$ 1</b>
					<b>Rounding</b>

- Indirect costs are charged on Federal Program Fund (Fund 15) to General Fund ( Fund 11) of \$39,239.

See next slide for breakdown on transfers.



# Birmingham Public Schools

## General Fund - Revenues & Other Sources

<b>Transfer in to Athletic Fund (21) from General (11)</b>	<b>\$ 1,183,582</b>
<b>Transfer in to the General Fund (11) from Capital Equipment (Fund 41)</b>	<b>\$ 500,000</b>
<b>Transfer in to the General Fund (11) from Autistic Center (Fund 22)</b>	<b>\$ 449,652</b>
<b>Total Transfer per Audit</b>	<b>\$ 2,133,234</b>
<b>Net Athletic Fund (Fund 21) Transfer</b>	<b>\$ (1,183,582)</b>
<b>Total per previous slide</b>	<b>\$ 949,652</b>



# Birmingham Public Schools

## General Fund- Revenues & Other Sources

- Revenues and other sources per the FID are equal to and reconcile to the Audited Financial Statements.
- Note: When the FID is filed all transfers (accounts with function codes 6XX, per the State of Michigan required chart of accounts) are required to be netted (summed to net zero) before filing.
  - This includes transfer between Funds 11, 12, 13, 14, 15, 16, & 21 for Birmingham Public Schools





# Birmingham Public Schools

## General Fund - Expenditures & Other Uses

<b>Fiscal Year 2013- Expenditures</b>	<b>Audit*</b>
"General Fund" per Audit Report (Fund 11, 12, 13, 16, & 21)	\$109,919,997
Cash Flow Stabilization Fund (Fund 14)	\$ -
Federal Programs Fund (Fund 15)	<u>\$ 2,555,783</u>
<b>Total General Fund Expenditures (to next slide)</b>	<u><b>\$112,475,780</b></u>
*- information from audited trial balance	



# Birmingham Public Schools

## General Fund - Expenditures & Other Uses

<b>Fiscal Year 2013</b>	<b>FID</b>		<b>Audit</b>		<b>Difference</b>
<b>Expenditures</b>	<b>\$112,436,528</b>		<b>\$112,475,780</b>		<b>\$ (39,252)</b>
<b>Transfers &amp; Other Uses</b>	<b>\$ 1,487,450</b>		<b>\$ 1,487,450</b>		<b>\$ -</b>
<b>Indirect Costs</b>	<b>\$ -</b>		<b>\$ (39,250)</b>		<b>\$ 39,250</b>
<b>Total</b>	<b>\$113,923,978</b>		<b>\$113,923,980</b>		<b>\$ (2)</b>
					<b>Rounding</b>

- Indirect costs are charged on Federal Program Fund (Fund 15) to General Fund ( Fund 11) of \$39,250.

See next slide for breakdown on transfers.



# Birmingham Public Schools

## General Fund - Expenditures & Other Uses

<b>Transfer out to Athletic Fund (21) from General (11)</b>		<b>\$ 1,157,836</b>
<b>Transfer out to the 2009 Refunding Fund (Fund 31) from the General Fund (11)</b>		<b>\$ 1,487,450</b>
<b>Total Transfer per Audit</b>		<b>\$ 2,645,286</b>
<b>Net Athletic Fund (Fund 21) Transfer</b>		<b>\$(1,157,836)</b>
<b>Total per previous slide</b>		<b>\$ 1,487,450</b>



# Birmingham Public Schools

## General Fund - Expenditures & Other Uses

<b>Fiscal Year 2014- Expenditures</b>	<b>Audit*</b>
"General Fund" per Audit Report (Fund 11, 12, 13, 16, & 21)	\$111,948,035
Cash Flow Stabilization Fund (Fund 14)	\$ -
Federal Programs Fund (Fund 15)	<u>\$ 2,486,642</u>
<b>Total General Fund Expenditures (to next slide)</b>	<u><u>\$114,434,677</u></u>
*- information from audited trial balance	



# Birmingham Public Schools

## General Fund - Expenditures & Other Uses

<b>Fiscal Year 2014</b>	<b>FID</b>		<b>Audit</b>		<b>Difference</b>
<b>Expenditures</b>	<b>\$114,395,439</b>		<b>\$114,434,677</b>		<b>\$ (39,238)</b>
<b>Transfers &amp; Other Uses</b>	<b>\$ 1,634,775</b>		<b>\$ 1,634,775</b>		<b>\$ -</b>
<b>Indirect Costs</b>	<b>\$ -</b>		<b>\$ (39,239)</b>		<b>\$ 39,239</b>
<b>Total</b>	<b>\$116,030,214</b>		<b>\$116,030,213</b>		<b>\$ 1</b>
					<b>Rounding</b>

- Indirect costs are charged on Federal Program Fund (Fund 15) to General Fund ( Fund 11) of \$39,239.

See next slide for breakdown on transfers.



# Birmingham Public Schools

## General Fund - Expenditures & Other Uses

<b>Transfer Out from Athletic Fund (21) from General (11)</b>	<b>\$ 1,183,582</b>
<b>Transfer in to the General Fund (11) from Capital Equipment (Fund 41)</b>	<b>\$ 1,634,775</b>
<b>Total Transfer per Audit</b>	<b>\$ 2,818,357</b>
<b>Net Athletic Fund (Fund 21) Transfer</b>	<b>\$ (1,183,582)</b>
<b>Total per previous slide</b>	<b>\$ 1,634,775</b>



# Birmingham Public Schools

## General Fund – Expenditures & Other Uses

- Expenditures and other uses per the FID are **equal to** and **reconcile to** the Audited Financial Statements.
- Note: (As stated under revenues) When the FID is filed all transfers (accounts with function codes 6XX, per the State of Michigan required chart of accounts) are **required** to be netted (summed to net zero) before filing.
  - This includes transfer between Funds 11, 12, 13, 14, 15, 16, & 21 for Birmingham Public Schools



# Birmingham Public Schools General Fund - Total Benefits

<b>Fiscal Year 2013</b>	<b>FID</b>		<b>Audit</b>		<b>Difference</b>	<b>%</b>
<b>Total Benefits</b>	<b>\$ 32,832,322</b>		<b>\$ 32,830,394</b>		<b>\$ 1,928</b>	<b>0.0059%</b>
<b>Fiscal Year 2014</b>	<b>FID</b>		<b>Audit</b>		<b>Difference</b>	<b>%</b>
<b>Total Benefits</b>	<b>\$ 33,723,516</b>		<b>\$ 33,735,708</b>		<b>\$ (12,192)</b>	<b>-0.0361%</b>

Audit- Benefits are not classified separately on the audited financial statements. Audit figures from above came from audited trial balance.

Difference of \$12,192 for fiscal year 2014 is due to reclassification of a negative amount in 11-1-391-7XXX expenditure account to all expenditures in that function code. This included an amount total to \$12,192 that was reduced out of 21XX & 28XXs.





# Birmingham Public Schools General Fund -Total Benefits

- Benefits per the FID **reconcile** to the Audited Trial Balance.



# Birmingham Public Schools

## General Fund - Total Insurance Benefits

<b>Fiscal Year 2013</b>	<b>FID</b>		<b>Audit</b>		<b>Difference</b>
<b>Insurance Costs (21XX)</b>	<b>\$16,761,021</b>		<b>\$12,178,921</b>		
<b>Contra Account RJE's</b>	<b>\$ -</b>		<b>\$ 4,666,750</b>		
<b>RJE's for object code classifications</b>	<b>\$ -</b>		<b>\$ (84,652)</b>		
<b>Total</b>	<b>\$16,761,021</b>		<b>\$16,761,019</b>		<b>\$ 2</b>
					<b>Rounding</b>
-RJE - reclassifying journal entry					
21XX- including health, disability, life, dental, flex, & vision insurances.					

Contra-accounts by the District were used to allocate all benefits (including insurance, FICA, retirement, but not limited to) to all employees in all funds on an equitable basis to each person



# Birmingham Public Schools

## General Fund - Total FICA/Retirement Benefits

Fiscal Year 2013	FID		Audit		Difference
FICA/Retirement Costs (28XX)	\$16,071,301		\$20,651,473		
Contra Account RJE's	\$ -		\$ (4,666,750)		
RJE's for object code classifications	\$ -		\$ 86,579		
<b>Total</b>	<b>\$16,071,301</b>		<b>\$16,071,302</b>		<b>\$ (1)</b>
					Rounding
-RJE - reclassifying journal entry					

Contra-accounts by the District were used to allocate all benefits (including insurance, FICA, retirement, but not limited to) to all employees in all funds on an equitable basis to each person



# Birmingham Public Schools

## General Fund - Total Insurance Benefits

Fiscal Year 2014	FID		Audit		Difference
Insurance Costs (21XX)	\$12,263,521		\$14,376,427		
Contra Account RJE's	\$ -		\$ (2,358,831)		
RJE's for object code classifications	\$ -		\$ 245,917		
<b>Total</b>	<b>\$12,263,521</b>		<b>\$12,263,513</b>		<b>\$ 8</b>
					<b>Rounding</b>
-RJE - reclassifying journal entry					
21XX- including health, disability, life, dental, flex, & vision insurances.					

Contra-accounts by the District were used to allocate all benefits (including insurance, FICA, retirement, but not limited to) to all employees in all funds on an equitable basis to each person



# Birmingham Public Schools

## General Fund - Total FICA/Retirement Benefits

Fiscal Year 2014	FID		Audit		Difference
FICA/Retirement Costs (28XX)	\$21,459,995		\$19,359,281		
Contra Account RJE's	\$ -		\$ 2,358,831		
RJE's for object code classifications	\$ -		\$ (258,125)		
<b>Total</b>	<b>\$21,459,995</b>		<b>\$21,459,987</b>		<b>\$ 8</b>
					Rounding

-RJE - reclassifying journal entry

Contra-accounts by the District were used to allocate all benefits (including insurance, FICA, retirement, but not limited to) to all employees in all funds on an equitable basis to each person



# Birmingham Public Schools

## General Fund - Total Benefits

- Benefits in total and by function are **reconciled** within an amount due to rounding from the Audit to the FID.
- Amounts were viewed by function and object by fund per the audited trial balance and compared to the FID.
- The FID **requires** that all contra-accounts are reclassified by journal entry prior to submission
- Audited financial statements do not show expenditures, including benefits, by object (1XXX- salaries, 2XXX- benefits, 3XXX/4XXX- purchased services, 5XXX- supplies, 6XXX-capital outlay, and 7XXX-other)



# Birmingham Public Schools

## General Fund - Total MESSA Bills – Insurance

<b>Fiscal Year 2013</b>	
7/1/12 - 6/30/13- Per Check Register	<b>\$13,324,130</b>
Less: Employee Paid Portion	<b><u>\$ (1,513,699)</u></b>
<b>Subtotal</b>	<b>\$11,810,431</b>
Less: 2012 Accrual (6/30/12 paid in July 2012)	<b><u>\$ (1,425,840)</u></b>
Plus: 2013 Accrual (6/30/13 paid in July 2013)	<b><u>\$ 1,503,237</u></b>
<b>Subtotal</b>	<b>\$11,887,829</b>
Balance in account 2132/2120 from Audited Trial Balance	<b>\$11,889,854</b>
<b>Difference</b>	<b>\$ 2,025</b>
<b>Difference as % of Total Benefits</b>	<b>0.01%</b>



# Birmingham Public Schools

## General Fund - Total MESSA Bills – Insurance

<b>Fiscal Year 2014</b>	
7/1/13 - 6/30/14- Per Check Register	\$11,758,930
Less: Employee Paid Portion	<u>\$ (1,423,064)</u>
<b>Subtotal</b>	<b>\$10,335,866</b>
Less: 2013 Accrual (6/30/13 paid in July 2013)	\$ (1,503,237)
Plus: 2014 Accrual (6/30/14 paid in July 2014)	<u>\$ 1,392,247</u>
<b>Subtotal</b>	<b>\$10,224,876</b>
Balance in account 2132/2120 from Audited Trial Balance	\$10,222,354
<b>Difference</b>	<b>\$ (2,522)</b>
<b>Difference as % of Total Benefits</b>	<b>-0.01%</b>





# Birmingham Public Schools

## General Fund - Total MESSA Bills – Insurance

- Overall MESSA bills for 2013 and 2014 fiscal years reconcile back to audited trial balance and District's general ledger
- Items that affect the reconciliation include:
  - MESSA bills include more than health insurance
  - School Districts are **required** to record accruals at the end of the fiscal year end, while checks (therefore, check register) are on a cash-basis
  - MESSA bills include an employee paid portion of insurance that is withheld from employees paychecks and remitted to MESSA by the district on behalf of the employees and therefore included on the check register



# Birmingham Public Schools

## Overall

- Process

- The process used to reconcile 2013 & 2014 was completed in the same way, the items that were included as reconciling items were the same (in purpose, not amount) in each year.
- Reasons for the reconciliation items between the FID and Audit are caused by requirements of FID filing offset by the benefit allocation process of the district
- No unreconciled amounts were noted, other than insignificant amounts due to rounding



# Birmingham Public Schools

## Overall

- Process
  - The FID is taken from the district's general ledger, which is the same source for the audited financial statements
  - MDE has found no discrepancies with the FID or Audit Reports
  - MDE checks to ensure by fund that the FID amounts match the audited amounts
  - Contra-accounts by the District were used to allocate all benefits (including insurance, but not limited to) to all employees in all funds on an equitable basis to each person



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